xR Pet 15-2 alg

Department of State TELEGRAM

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1-12-71 Unpub ex

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51 L
ACTION E-1E

INFO OCT-01 AF-12 EUR-20 NEA-13 CIAE-00 PM-05 H-02 INR-08
L-04 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12
OEP-01 JUS-02 RSR-01 /131 W

DEPARTMENT OF STATE A/CDC/MR 107623
REVIEWED BY _____ DATE 6/18/81
RDS☐or XDS☐EXT. DATE _____
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☑ RELEASABLE☑
EXT. APP. NOTED☐
EXEMPTIONS _____

P 121600Z JAN 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 7279
USINT ALGIERS
AMEMBASSY BENGHAZI
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY LONDON

C O N F I D E N T I A L TRIPOLI 064

SUBJ: OIL SITUATION--CURRENT DEVELOPMENTS

REF: ALGIERS 9, TRIPOLI 49 (NOT SENT ALGIERS)

Pet 6 Libya
xR Pet 2 of 2

1. MOVEMENTS OF KEY LARG OIL FIGURES SUGGEST THAT ALGERIA AND LIBYA MAY BE CLOSELY COORDINATING THEIR TACTICS IN PRESENT PETROLEUM CONFRONTATION. SHORTLY AFTER CONSLUSION BOUMEDIENNE'S RECENT VISIT TO TRIPOLI, SHUKRI GHANIM, DIRGEN ECONOMICS AWY MINISTRY OF PETROLEUM AND TECHNICIAN IN CHARGE OF FORMULATING ARGUMENTATION TO SUPPORT CURRENT LARG FINANCIAL DEMANDS, SPENT SEVERAL DAYS ON BUSINESS IN ALGIERS. HE RETURNED TO ALGIERS JAN 11, AND DEPUTY PRIMIN JALLUD, WHO IS IN CHARGE OF OIL TALKS FOR LARG, LEFT FOR ALGIERS MORNING OF JAN 12 AT HEAD OF COMBINED PETROLEUM-INDUSTRIAL DELEGATION. PRESUMABLY, JALLUD WILL RETURN TO TRIPOLI BY JAN 16

(2)

FOR SECOND SESSION OF TALKS WITH OXY AND BUNKER HUNT.

2. EMBASSY HAS BEEN INFORMED BY MARATHON THAT THREE AMERICAN OWNERS OF OASIS (MARATHON, AMERADA-HESS AND CONTINENTAL) HAVE BEEN SUMMONED FOR OIL TALKS ON JAN 18. OWNERS INSTRUCTED TO BE REPRESENTED BY SENIOR REPRESENTATIVES HAVING AUTHORITY TO CONSLUDE NEW

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AGREEMENT. FOURTH OASIS PARTNER, SHELL, HAS NOT BEEN INVITED. PRESUMABLY LARG HAS LEFT SHELL OUT BECAUSE IT EXPECTS RESISTANCE FROM SHELL WITH WHICH IT CAN DEAL LATER--AS IN 1970 NEGOTIATIONS--AFTER BOWLING OVER AMERICAN PARTNERS.

3. EMBASSY HAS RECONFIRMED WITH COMPANIES VALUES GIVEN TO LARG DEMANDS, WHICH WE REPORTED IN TRIPOLI 49 AND WHICH DIFFER FROM THOSE [illegible] BY DEPARTMENT IN STATE 4436. CONFIRMED FIGURES ARE: A. SUEZ PREMIUM--39 CENT INCREASE IN POSTED PRICE FOR BOTH COMPANIES; B. INCREASED PAYMENTS TO LARG BASED UPON FULL TAX-PRICE DEMANDS--49 CENTS FOR OXY AND 58 CENTS FOR HUNT; AND C. OTHER FACTORS--COMPANIES CONFIRMED THAT 30 CENT SHORT-HAUL ALLOWANCE DEMANDED BY LARG IS VARIABLE AMOUNT TIED TO TANKER RATES--AS PROPOSED BY ESSO IN 1970 NEGOTIATIONS--WHICH WOULD BE REVIEWED EACH SIX MONTHS; WE DO NOT UNDERSTAND DISTINCTION MADE BY DEPARTMENT IN NOTING SOME BUT NOT ALL OF 25 CENTS PER BARREL TO BE REINVESTED COULD COME FROM PROFITS. SINCE COMPANIES' SALES TRANSACTIONS TAKE PLACE OUTSIDE LIBYA, REPARTIATION OF EARNINGS APPEARS TO BE OBJECTIVE OF THIS REQUIREMENT, AS LARG CLAIMS. GP-4.
PALMER

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